



Alex Miller
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January 3, 2011

Jennifer J. Johnson
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551
Attention: Docket No. R-1393

Dear Ms. Johnson:

This comment letter is submitted by Visa Inc. (“Visa”) on the proposed rule (“Proposed Rule”) issued by the Federal Reserve Board (“Board”) to clarify certain provisions of the “Credit Card Accountability Responsibility and Disclosure Act of 2009” (the “CARD Act”). As the operator of the largest consumer payment system in the world, Visa appreciates the opportunity to submit comments on the Proposed Rule. The focus of Visa’s comments is on the definition of a credit card and the related references to debit cards and prepaid cards.

Visa plays a pivotal role in advancing payment products and technologies worldwide to benefit its more than 15,700 Visa financial institution clients, the millions of merchants that accept Visa-branded cards, and the millions of consumers who own over 1.8 billion Visa-branded cards.¹ Prepaid cards provide a wide range of benefits to payment participants, including corporations, government agencies and millions of consumers, many of whom are unbanked and underbanked. Our goal is to work with Congress and the federal banking agencies to ensure that: (a) consumers understand the terms and conditions of prepaid cards; (b) appropriate information is provided to consumers in connection with prepaid cards; and (c) prepaid cards remain a viable mechanism to provide financial services to consumers, particularly the unbanked and underbanked.

Credit Card Definition (Section 226.2(a)(15))

The Proposed Rule would revise the Commentary to state that if a “line of credit can also be accessed by a card (such as a debit card or prepaid card), that card is a credit card.” To avoid confusion concerning the scope of the credit card definition and to facilitate compliance, it is

¹ Figures are rounded, exclude Visa Europe and are as of September 30, 2010 (except for number of outstanding Visa cards which is as of June 30, 2010).

essential that the Board make two clarifications to the Proposed Rule. First, the reference to debit cards and prepaid cards that access a line of credit should be clarified to confirm that the credit card definition does not include a debit card or prepaid card that does not provide direct access to a line of credit. For instance, a prepaid card issued to a consumer solely to access the proceeds of an installment loan is not a credit card. Second, the Board should clarify that when the line of credit serves as an overdraft where the debit card or prepaid card does not directly access the line of credit, but is merely replenished by the line of credit to enable the consumer to complete a transaction with a non-credit account, the debit card or prepaid card falls within the exclusion under Section 226.2(a)(15)(ii)(B) for an overdraft line of credit that is accessed by a debit card.

Specifically, consistent with the exclusion of debit cards that access an overdraft line of credit, we recommend that the Board revise the regulatory language in Section 226.2(a)(15)(ii)(B) of Regulation Z to read as follows:

“(B) An overdraft line of credit that is accessed by a debit card or a prepaid card or an account number.”

We also recommend that the last sentence in Commentary Section 226.2(a)(15)-2.ii(C), which provides examples of cards that are not considered credit cards, be revised to read as follows:

“Furthermore, if the line of credit can also be directly accessed by a card (such as a debit card or prepaid card), that card is a credit card for purposes of § 226.2(a)(15)(i); however, if the line of credit serves as an overdraft line of credit in which the debit card or prepaid card does not directly access the line of credit, or is otherwise used to fund or replenish funds with respect to the debit or prepaid card, the card is exempt under § 226.2(a)(15)(ii)(B) and is therefore not a credit card for purposes of § 226.2(a)(15)(i).”

Without this clarification, there could be considerable confusion concerning whether debit cards and prepaid cards are covered by Regulation E, which implements the Electronic Fund Transfer Act, or by Regulation Z.

Mandatory Compliance

Given the number and frequency of changes issuers have had to implement during the past 18 months in connection with the release of the CARD Act implementing regulations in stages, as well as other changes to Regulation Z, we strongly recommend that the Board adhere to the effective date and mandatory compliance date established by the Truth in Lending Act (“TILA”) itself. Specifically, Section 105(d) of TILA states, “Any regulation of the Board, or any amendment or interpretation thereof, requiring any disclosure which differs from the disclosures previously required . . . or by any regulation of the Board promulgated thereunder shall have an effective date of that October 1 which follows by at least six months the date of promulgation.” Therefore, we request that the Board not require compliance with amendments to Regulation Z or the Official Staff Commentary (“Commentary”) resulting from the final

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version of the Proposed Rule until at least October 2011. It is essential that issuers be provided with adequate time to implement the requirements contained in the Proposed Rule. Thus, we recommend that the Board follow the statutory schedule established by TILA for updating Regulation Z and related staff interpretations by issuing the final rule by April 1, 2011 and making compliance optional until at least October 2011. This would greatly facilitate efficient compliance programs and policies.

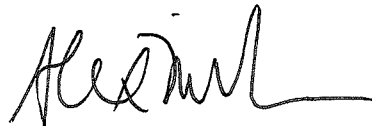
Transitional Guidance

It is also important for the Board to implement transitional guidance making it clear that the final rule is prospective only. Specifically, the transitional guidance should make clear that the final rule only applies to accounts opened after the effective date of the rule, and only to changes in existing accounts that occur after the effective date of the rule. At a minimum, it is essential that the Board provide a clear statement that any coverage of prepaid cards is prospective and would not apply to a prepaid card issued before the effective date of the final rule.

Without the adoption of an appropriate transition rule, the Board would in effect require compliance with revisions to the requirements of Regulation Z prior to the effective date of the rule, and the rule would have the effect of imposing those requirements retroactively to disclosures, programs and account terms provided or entered into prior to the effective date of the rule.

Thank you for considering of our comments. If you have any questions, please do not hesitate to contact me at 650-432-1228.

Sincerely,

A handwritten signature in black ink, appearing to read "Jennifer J. Johnson", with a long horizontal flourish extending to the right.